

Message Text

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ORIGIN TRSE-00

INFO OCT-01 NEA-10 ISO-00 COME-00 EB-07 OTPE-00 SP-02 L-03

CIAE-00 INR-07 NSAE-00 DODE-00 OES-03 USIA-06 EUR-12

FEAE-00 STR-04 /055 R

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APPROVED BY NEA/ARP:FMDICKMAN
TREAS:HMCFAADDEN
TREAS:LBOWDEN
COMMERCE:JHEARN
COMMERCE:CWILK
STATE:JNESVIG
STATE:SBUCK

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P 051717Z JUN 75
FM SECSTATE WASHDC
TO AMEMBASSY JIDDA PRIORITY

C O N F I D E N T I A L STATE 131243

E.O. 11652: N/A

TAGS:USSAEC, ETEL, SA, US

SUBJECT: SAUDI T.V. TRANSMISSION SYSTEM

1. COMMERCE AND TREASURY REPRESENTATIVES HAVE BEEN
APPROACHED BY RICHARD CESARO, PRESIDENT OF TCOM CORPORATION,
A WESTINGHOUSE SUBSIDIARY, WITH THE FOLLOWING STORY.

2. THE SAUDIS HAVE SIGNED A PROTOCOL AGREEMENT WITH THE
FRENCH (AN ENGLISH TRANSLATION OF WHICH CESARO PROVIDED)
UNDER WHICH "THE TWO GOVERNMENTS WILL COOPERATE TO DEVELOP
SAUDI ARABIAN TV TO TRANSMIT ON SECAM SYSTEM."

3. PURSUANT TO THIS PROTOCOL THE FRENCH HAVE PROPOSED TO
BUILD A 1.2 BILLION DOLLAR TERRESTIAL TV TRANSMISSION
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SYSTEM. TCOM CLAIMS IT CAN PROVIDE A SYSTEM WITH BETTER

CAPABILITY FOR 60 MILLION DOLLARS, BUT THE SAUDIS ARE LOCKED INTO BUYING FRENCH UNDER THE PROTOCOL AGREEMENT. CESARO CLAIMS THE FRENCH AND OTHERS ARE ATTEMPTING TO NEGOTIATE GOVERNMENT-TO-GOVERNMENT UMBRELLA AGREEMENTS IN OTHER AREAS THAT WILL HAVE THE EFFECT OF EXCLUDING

AMERICAN BUSINESS FROM LARGE PARTS OF THE SAUDI MARKET.

4. ACCORDING TO CESARO, THE FRENCH ARE USING THE PROTOCOL AGREEMENT TO PRESSURE THE SAUDIS TO ACCEPT THEIR CONSTRUCTION PROPOSAL. PRINCE FAHD AND THE MINISTRIES AFFECTED, INFORMATION AND COMMUNICATIONS, WOULD LIKE TO ABROGATE THE PROTOCOL, BUT ARE CONSTRAINED BY FACT THAT IT STEMMED FROM A PERSONAL COMMITMENT MADE BY LATE KING FAISAL DURING NEGOTIATIONS FOR A LONG TERM SALE OF OIL TO THE FRENCH.

5. CESARO SAYS SAUDIS WANT TO BUY U.S. AND WOULD LIKE TO RECEIVE THROUGH JOINT COMMISSION A PROPOSAL INVOLVING BALLOON BORNE TV TRANSMITTERS, I.E., THE TCOM SYSTEM WHICH IS PATENTED AND UNIQUE. WE HAVE TOLD CESARO THAT IT IS IMPOSSIBLE FOR USG TO PROMOTE AN INDIVIDUAL COMPANY'S PRODUCT, BUT THAT WE WILL PROPOSE ARRANGING A TELECOMMUNICATIONS TECHNOLOGY SEMINAR IN SAUDI ARABIA (SEE SEPTTEL FOR DETAILS) WHICH, INTER ALIA, WILL DISCUSS BALLOON-BORNE SYSTEMS.

6. IF IT IS TRUE THAT SAUDIS ARE SEEKING AN EXCUSE TO AVOID AGREEING TO FRENCH PROPOSAL, SEMINAR WILL PROVIDE INTERIM EXCUSE. TCOM SYSTEM HAS REAL MERIT, AND SAUDIS COULD CHOOSE IT OVER FRENCH OFFER DESPITE THE PROTOCOL AGREEMENT, OSTENSIBLY ON GROUNDS OF SEMINAR EXPOSURE (COUPLED WITH COST DIFFERENTIAL). SEMINAR WILL DISCUSS TETHERED BALLOON SYSTEM IN COMPARATIVE CONTEXT WITH SATELLITE AND TERRESTIAL SYSTEMS. ITS UTILITY IN PROMOTING U.S. TECHNOLOGY, THEREFORE, WILL NOT BE LIMITED TO TCOM SYSTEM. (FYI) TELECOMMUNICATIONS CONSULTANTS HAMMETT & EDISON AND R.S. KIRBY, ADVISOR TO MINISTRY OF INFORMATION, BOTH RECOMMENDED ONE BALLOON SYSTEM BE PURCHASED AND INSTALLED ON AN EXPERIMENTAL BASIS.
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6. WOULD APPRECIATE EMBASSY VIEWS ON CESARO RENDITION OF STATE OF PLAY FOR WE APPRECIATE MUCH OF IT MAY BE SELF-SERVING. KISSINGER

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